
By: Chairman, Economic Matters Committee (Departmental - Insurance Administration, Maryland)

Introduced and read first time: January 15, 1997

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Insurance Professionals - Corporate Certificate of Qualification - Responsible Agent or**
3 **Broker**

4 FOR the purpose of requiring certain business entities that receive a certificate of
5 qualification to have a responsible agent or broker under certain circumstances;
6 providing for the qualification of at least one responsible agent or broker; providing
7 for the application of this Act; and generally relating to the business entities
8 operating under a certificate of qualification and their responsible agents or
9 brokers.

10 BY adding to

11 Article 48A - Insurance Code
12 Section 168(h)
13 Annotated Code of Maryland
14 (1994 Replacement Volume and 1996 Supplement)

15 BY adding to

16 Article - Insurance
17 Section 10-114.1
18 Annotated Code of Maryland
19 (1995 Volume and 1996 Supplement)
20 (As enacted by Chapter 36 of the Acts of the General Assembly of 1995)

21 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
22 MARYLAND, That the Laws of Maryland read as follows:

23 **Article 48A - Insurance Code**

24 168.

25 (H) (1) EACH CORPORATION, PARTNERSHIP, OR LIMITED LIABILITY
26 COMPANY APPLYING FOR A CERTIFICATE OF QUALIFICATION SHALL DESIGNATE:

27 (I) IF APPLYING TO BE AN AGENT, AT LEAST ONE INDIVIDUAL AS
28 THE RESPONSIBLE AGENT; OR

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1 (II) IF APPLYING TO BE A BROKER, AT LEAST ONE INDIVIDUAL AS
2 THE RESPONSIBLE BROKER.

3 (2) THE RESPONSIBLE AGENT OR BROKER SHALL BE RESPONSIBLE FOR
4 COMPLIANCE BY THE CORPORATION, PARTNERSHIP, OR LIMITED LIABILITY
5 COMPANY WITH:

6 (I) THE PROVISIONS OF THIS ARTICLE OR ANY OTHER LAW OVER
7 WHICH THE COMMISSIONER HAS JURISDICTION AND ANY REGULATIONS ADOPTED
8 UNDER THIS ARTICLE OR THAT LAW; AND

9 (II) THE PROVISIONS OF ANY OTHER LAW OF THE STATE
10 RELATING TO CORPORATIONS, PARTNERSHIPS, OR LIMITED LIABILITY COMPANIES
11 AND ANY REGULATIONS ADOPTED UNDER THAT LAW.

12 (3) AN INDIVIDUAL DESIGNATED AS A RESPONSIBLE AGENT OR
13 BROKER SHALL BE:

14 (I) 1. IN THE CASE OF A CORPORATION, A DIRECTOR, OFFICER,
15 OR OWNER;

16 2. IN THE CASE OF A PARTNERSHIP, A PARTNER; AND

17 3. IN THE CASE OF A LIMITED LIABILITY COMPANY, AN
18 OFFICER, DIRECTOR, MEMBER, OR MANAGER; OR

19 (II) ANY OTHER INDIVIDUAL WITH DIRECT CONTROL OVER THE
20 FISCAL MANAGEMENT OF THE CORPORATION, PARTNERSHIP, OR LIMITED
21 LIABILITY COMPANY.

22 (4) THE RESPONSIBLE AGENTS OR BROKERS DESIGNATED BY A
23 CORPORATION, PARTNERSHIP, OR LIMITED LIABILITY COMPANY SHALL,
24 COLLECTIVELY:

25 (I) HOLD A CERTIFICATE OF QUALIFICATION FOR EACH KIND OR
26 SUBDIVISION OF INSURANCE FOR WHICH THE CORPORATION, PARTNERSHIP, OR
27 LIMITED LIABILITY COMPANY HAS APPLIED FOR A CERTIFICATE OF
28 QUALIFICATION; AND

29 (II) IN THE CASE OF A RESPONSIBLE AGENT, OBTAIN AN
30 APPOINTMENT FROM EACH INSURER FROM WHOM THE CORPORATION,
31 PARTNERSHIP, OR LIMITED LIABILITY COMPANY HAS REQUESTED OR INTENDS TO
32 REQUEST AN APPOINTMENT.

33 (5) (I) THE COMMISSIONER MAY ADOPT REGULATIONS TO
34 IMPLEMENT THIS SUBSECTION.

35 (II) THE COMMISSIONER BY REGULATION MAY REQUIRE ENTITIES
36 OTHER THAN CORPORATIONS, PARTNERSHIPS, AND LIMITED LIABILITY COMPANIES
37 TO DESIGNATE RESPONSIBLE AGENTS OR BROKERS.

38 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland
39 read as follows:

3

1 **Article - Insurance**

2 10-114.1.

3 (A) EACH CORPORATION, PARTNERSHIP, OR LIMITED LIABILITY COMPANY
4 APPLYING FOR A CERTIFICATE OF QUALIFICATION SHALL DESIGNATE:

5 (1) IF APPLYING TO BE AN AGENT, AT LEAST ONE INDIVIDUAL AS THE
6 RESPONSIBLE AGENT; OR

7 (2) IF APPLYING TO BE A BROKER, AT LEAST ONE INDIVIDUAL AS THE
8 RESPONSIBLE BROKER.

9 (B) THE RESPONSIBLE AGENT OR BROKER SHALL BE RESPONSIBLE FOR
10 COMPLIANCE BY THE CORPORATION, PARTNERSHIP, OR LIMITED LIABILITY
11 COMPANY WITH:

12 (1) THE PROVISIONS OF THIS ARTICLE OR ANY OTHER LAW OVER
13 WHICH THE COMMISSIONER HAS JURISDICTION AND ANY REGULATIONS ADOPTED
14 UNDER THIS ARTICLE OR THAT LAW; AND

15 (2) THE PROVISIONS OF ANY OTHER LAW OF THE STATE RELATING TO
16 CORPORATIONS, PARTNERSHIPS, OR LIMITED LIABILITY COMPANIES AND ANY
17 REGULATIONS ADOPTED UNDER THAT LAW.

18 (C) AN INDIVIDUAL DESIGNATED AS A RESPONSIBLE AGENT OR BROKER
19 SHALL BE:

20 (1) (I) IN THE CASE OF A CORPORATION, A DIRECTOR, OFFICER, OR
21 OWNER;

22 (II) IN THE CASE OF A PARTNERSHIP, A PARTNER; AND

23 (III) IN THE CASE OF A LIMITED LIABILITY COMPANY, AN OFFICER,
24 DIRECTOR, MEMBER, OR MANAGER; OR

25 (2) ANY OTHER INDIVIDUAL WITH DIRECT CONTROL OVER THE FISCAL
26 MANAGEMENT OF THE CORPORATION, PARTNERSHIP, OR LIMITED LIABILITY
27 COMPANY.

28 (D) THE RESPONSIBLE AGENTS OR BROKERS DESIGNATED BY A
29 CORPORATION, PARTNERSHIP, OR LIMITED LIABILITY COMPANY SHALL,
30 COLLECTIVELY:

31 (1) HOLD A CERTIFICATE OF QUALIFICATION FOR EACH KIND OR
32 SUBDIVISION OF INSURANCE FOR WHICH THE CORPORATION, PARTNERSHIP, OR
33 LIMITED LIABILITY COMPANY HAS APPLIED FOR A CERTIFICATE OF
34 QUALIFICATION; AND

35 (2) IN THE CASE OF A RESPONSIBLE AGENT, OBTAIN AN APPOINTMENT
36 FROM EACH INSURER FROM WHOM THE CORPORATION, PARTNERSHIP, OR LIMITED
37 LIABILITY COMPANY HAS REQUESTED OR INTENDS TO REQUEST AN APPOINTMENT.

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1 (E) (1) THE COMMISSIONER MAY ADOPT REGULATIONS TO IMPLEMENT
2 THIS SECTION.

3 (2) THE COMMISSIONER BY REGULATION MAY REQUIRE ENTITIES
4 OTHER THAN CORPORATIONS, PARTNERSHIPS, AND LIMITED LIABILITY COMPANIES
5 TO DESIGNATE RESPONSIBLE AGENTS OR BROKERS.

6 SECTION 3. AND BE IT FURTHER ENACTED, That the provisions of this Act
7 shall apply to all corporations, partnerships, and limited liability companies holding a
8 certificate of qualification on June 1, 1997 and that these corporations, partnerships, and
9 limited liability companies shall comply with the requirements of this Act before January
10 1, 1998.

11 SECTION 4. AND BE IT FURTHER ENACTED, That Sections 1 and 3 of this
12 Act shall take effect June 1, 1997.

13 SECTION 5. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall
14 take effect October 1, 1997.